

**ARABIAN CONTRACTING SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE- AND SIX-MONTHS PERIODS ENDED JUNE 30, 2023**  
**AND INDEPENDENT AUDITOR'S REVIEW REPORT**

**ARABIAN CONTRACTING SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE- AND SIX-MONTHS PERIODS ENDED JUNE 30, 2023**

---

<b><u>INDEX</u></b>	<b><u>PAGES</u></b>
Independent auditor's report on review of condensed interim consolidated financial statements	1
Condensed interim consolidated statement of financial position (unaudited)	2
Condensed interim consolidated statement of profit or loss and other comprehensive income (unaudited)	3
Condensed interim consolidated statement of changes in equity (unaudited)	4
Condensed interim consolidated statement of cash flows (unaudited)	5
Notes to the condensed interim consolidated financial statements (unaudited)	6 – 17



# RSM

شركة آر إس إم المحاسبون المتحدون للإستشارات المهنية

الرياض - حي العليا - طريق العروبة  
مبنى رقم ٣١٩٣ ، الطابق الأول  
ص. ب ٨٣٣٥ ، الرياض - ١٢٣٣٣  
هاتف: ٩٣٦١ ٤١٦ ١١ +٩٦٦  
فاكس: ٩٣٤٩ ٤١٦ ١١ +٩٦٦  
المملكة العربية السعودية  
www.rsmksa.com  
س.ت ٤٠٣٠٢٢٨٧٧٣

RSM Allied Accountants Professional Services Co.

Riyadh - Olaya District - Al Oruba Street  
1\* Floor, Building No. 3193  
P.O. Box 8335, Riyadh - 12333  
Tel.: +966 11 416 9361  
Fax: +966 11 416 9349  
Kingdom of Saudi Arabia  
www.rsmksa.com  
C.R : 4030228773

## Independent Auditor's Report on Review of Condensed Interim Consolidated Financial Statements

To the shareholders of  
**Arabian Contracting Services Company**  
(A Saudi Joint Stock Company)

### Introduction:

We have reviewed the accompanying condensed interim consolidated statement of financial position of **Arabian Contracting Services Company** (the "Company") and its subsidiaries (collectively referred to as the "Group") as at June 30, 2023, and the condensed interim consolidated statement of profit or loss and other comprehensive income for the three- and six-months periods ended June 30, 2023, and the related condensed interim consolidated statements of changes in equity and cash flows for the six-months period then ended, and other explanatory notes. Management is responsible for preparation and presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

### Scope of review:

We conducted our review in accordance with International Standard on Review Engagements (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.

### RSM Allied Accountants Professional Services

**Mohammed Bin Farhan Bin Nader**

License No. 435

Riyadh, Kingdom of Saudi Arabia

Muharram 23, 1445 H (Corresponding to August 10, 2023)



**ARABIAN CONTRACTING SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT JUNE 30, 2023**  
**(SAUDI RIYAL)**

	Notes	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	200,820,412	199,586,967
Right-of-use assets	7	1,500,794,945	1,445,947,004
<b>Total non-current assets</b>		<b>1,701,615,357</b>	<b>1,645,533,971</b>
<b>Current assets</b>			
Inventories		17,475,483	17,532,017
Prepaid expenses and other current assets		133,811,795	231,717,538
Trade receivables	8	820,358,588	627,619,797
Cash and cash equivalents		118,406,666	115,354,538
<b>Total current assets</b>		<b>1,090,052,532</b>	<b>992,223,890</b>
Assets from discontinued operations	12	711,264	4,484,817
<b>TOTAL ASSETS</b>		<b>2,792,379,153</b>	<b>2,642,242,678</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1	500,000,000	500,000,000
Statutory reserve		73,035,771	73,035,771
Retained earnings		403,197,823	247,336,074
Foreign currency translation reserve		(4,608,873)	(500,985)
<b>Total equity attributable to equity holders of the parent company</b>		<b>971,624,721</b>	<b>819,870,860</b>
Non-controlling interests		(941,906)	1,089,278
<b>Total equity</b>		<b>970,682,815</b>	<b>820,960,138</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' defined benefits obligations		14,065,012	13,223,916
Lease liabilities	7	1,025,832,775	1,020,414,870
<b>Total non-current liabilities</b>		<b>1,039,897,787</b>	<b>1,033,638,786</b>
<b>Current liabilities</b>			
Lease liabilities - current portion	7	253,240,380	196,153,896
Short-term loans	10	171,780,747	348,915,747
Trade payables		6,664,692	8,237,538
Due to related party	9	-	2,692,455
Accrued expenses and other current liabilities		341,589,224	218,466,951
Zakat provision	11	8,297,866	11,286,669
<b>Total current liabilities</b>		<b>781,572,909</b>	<b>785,753,256</b>
Liabilities from discontinued operations	12	225,642	1,890,498
<b>Total liabilities</b>		<b>1,821,696,338</b>	<b>1,821,282,540</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,792,379,153</b>	<b>2,642,242,678</b>

Finance Manager  
Mohamad Al Bazz



Chief Executive Officer  
Mohamad Al Khareiji



Chairman of Board of Directors  
Abdel Ellah Al Khareiji



The accompanying notes form an integral part of these condensed interim consolidated financial statements



**ARABIAN CONTRACTING SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE THREE- AND SIX-MONTHS PERIODS ENDED JUNE 30, 2023  
(SAUDI RIYAL)**

		For the three-months period ended June 30		For the six-months period ended June 30	
	Notes	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
<b>Continuing operations</b>					
Revenues	5	294,315,537	263,635,378	606,681,945	551,035,679
Cost of revenues		(152,087,219)	(157,376,785)	(320,893,675)	(315,667,521)
<b>Gross profit</b>		<b>142,228,318</b>	<b>106,258,593</b>	<b>285,788,270</b>	<b>235,368,158</b>
Selling and marketing expenses		(13,777,660)	(9,282,575)	(26,630,390)	(21,331,697)
General and administrative expenses		(14,575,651)	(17,287,932)	(29,559,477)	(28,341,166)
Expected credit losses	8	(2,000,000)	-	(3,000,000)	-
<b>Operating profit</b>		<b>111,875,007</b>	<b>79,688,086</b>	<b>226,598,403</b>	<b>185,695,295</b>
Finance cost		(22,126,473)	(10,791,590)	(42,305,147)	(23,458,906)
Losses from disposal of right-of-use assets	7 - A	-	-	-	(24,357,154)
Other income / (expenses)		12,372	(716,947)	201,893	(1,100,753)
<b>Profit before zakat from continuing operations</b>		<b>89,760,906</b>	<b>68,179,549</b>	<b>184,495,149</b>	<b>136,778,482</b>
Zakat	11	(4,778,211)	(2,544,266)	(8,999,035)	(5,317,902)
<b>Profit for the period from continuing operations</b>		<b>84,982,695</b>	<b>65,635,283</b>	<b>175,496,114</b>	<b>131,460,580</b>
<b>Discontinued operations</b>					
Loss from discontinued operations	12	(437,475)	(2,130,926)	(1,467,571)	(3,066,406)
<b>Profit for the period</b>		<b>84,545,220</b>	<b>63,504,357</b>	<b>174,028,543</b>	<b>128,394,174</b>
<b>Profit for the period attributable to:</b>					
Equity holders of the parent company		85,040,200	62,794,649	175,861,749	127,684,466
Non-controlling interests		(494,980)	709,708	(1,833,206)	709,708
		<b>84,545,220</b>	<b>63,504,357</b>	<b>174,028,543</b>	<b>128,394,174</b>
<b>Basic and diluted earnings per share:</b>					
Basic and diluted earnings per share attributable to equity holders of the parent company	14	<b>1.70</b>	<b>1.26</b>	<b>3.52</b>	<b>2.55</b>
<b>Other comprehensive income:</b>					
<i>Items that will be reclassified subsequently to profit or loss:</i>					
Foreign currency translation differences		132,444	-	(4,305,866)	-
<b>Total other comprehensive income / (loss) for the period</b>		<b>132,444</b>	<b>-</b>	<b>(4,305,866)</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>84,677,664</b>	<b>63,504,357</b>	<b>169,722,677</b>	<b>128,394,174</b>
<b>Total comprehensive income for the period attributable to:</b>					
Equity holders of the parent company		85,068,875	62,794,649	175,783,552	127,684,466
Non-controlling interests		(391,211)	709,708	(6,060,875)	709,708
		<b>84,677,664</b>	<b>63,504,357</b>	<b>169,722,677</b>	<b>128,394,174</b>

Finance Manager  
Mohamad Al Bazz

Chief Executive Officer  
Mohamad Al Khareiji

Chairman of Board of Directors  
Abdel Ellah Al Khareiji

The accompanying notes form an integral part of these condensed interim consolidated financial statements

**ARABIAN CONTRACTING SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023**  
(SAUDI RIYAL)

	Share capital	Statutory reserve	Retained earnings	Foreign currency translation reserve	Total equity attributable to equity holders of the parent company	Non-controlling interests	Total equity
<b><u>For the six-months period ended June 30, 2022</u></b>							
Balance as at January 1, 2022 (Audited)	500,000,000	45,565,791	185,712,800	-	731,278,591	-	731,278,591
Profit for the period	-	-	127,684,466	-	127,684,466	709,708	128,394,174
Other comprehensive income for the period	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	127,684,466	-	127,684,466	709,708	128,394,174
Dividends (Note 15)	-	-	(93,000,000)	-	(93,000,000)	-	(93,000,000)
Changes in non-controlling interests	-	-	-	-	-	749,622	749,622
<b>Balance as at June 30, 2022 (Unaudited)</b>	<u>500,000,000</u>	<u>45,565,791</u>	<u>220,397,266</u>	<u>-</u>	<u>765,963,057</u>	<u>1,459,330</u>	<u>767,422,387</u>
<b><u>For the six-months period ended June 30, 2023</u></b>							
Balance as at January 1, 2023 (Audited)	500,000,000	73,035,771	247,336,074	(500,985)	819,870,860	1,089,278	820,960,138
Profit for the period	-	-	175,861,749	-	175,861,749	(1,833,206)	174,028,543
Other comprehensive loss for the period	-	-	-	(4,107,888)	(4,107,888)	(197,978)	(4,305,866)
<b>Total comprehensive income for the period</b>	-	-	175,861,749	(4,107,888)	171,753,861	(2,031,184)	169,722,677
Dividends (Note 15)	-	-	(20,000,000)	-	(20,000,000)	-	(20,000,000)
<b>Balance as at June 30, 2023 (Unaudited)</b>	<u>500,000,000</u>	<u>73,035,771</u>	<u>403,197,823</u>	<u>(4,608,873)</u>	<u>971,624,721</u>	<u>(941,906)</u>	<u>970,682,815</u>

Finance Manager  
Mohamad Al Bazz



Chief Executive Officer  
Mohamad Al Khreiji



Chairman of Board of Directors  
Abdel Ellah Al Khreiji



The accompanying notes form an integral part of these condensed interim consolidated financial statements



**ARABIAN CONTRACTING SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023**  
(SAUDI RIYAL)

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
<b>OPERATING ACTIVITIES:</b>		
Profit before zakat from continuing operations	184,495,149	136,778,482
Loss from discontinued operations	(1,467,571)	(3,066,406)
<b>Adjustments:</b>		
Depreciation of property, plant and equipment	18,287,361	15,395,359
Depreciation of right-of-use assets	225,777,615	212,719,309
Expected credit losses	3,000,000	-
Losses on sale of property, plant and equipment	186,054	1,218,192
Current service cost of employees' defined benefits obligations	1,438,845	1,196,557
Finance costs related to short-term loans	12,591,994	6,674,364
Finance costs related to lease liabilities	29,713,153	16,784,542
Loss on disposal of right-of-use assets	-	24,357,154
<b>Changes in working capital:</b>		
Trade receivables	(195,738,791)	(177,624,007)
Inventories	56,534	(4,531,312)
Prepaid expenses and other current assets	56,362,307	(51,166,476)
Trade payables	(1,572,846)	16,527,805
Accrued expenses and other current liabilities	(29,683,364)	(50,313,100)
Due to related party	(2,692,455)	(16,730)
Change in net assets of discontinued operations	2,108,697	(193,399)
<b>Cash generated from operations</b>	<b>302,862,682</b>	<b>144,740,334</b>
Employees' defined benefits obligations paid	(597,749)	(278,571)
Zakat paid	(11,987,838)	(11,390,207)
<b>Net cash flows from operating activities</b>	<b>290,277,095</b>	<b>133,071,556</b>
<b>INVESTING ACTIVITIES:</b>		
Additions to property, plant and equipment	(20,785,883)	(18,280,029)
Proceeds from sale of property, plant and equipment	41,663	680,047
<b>Net cash flows used in investing activities</b>	<b>(20,744,220)</b>	<b>(17,599,982)</b>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from short-term loans	-	240,746,763
Repayment of short-term loans	(177,135,000)	(245,040,287)
Lease liabilities paid	(77,472,579)	(94,075,727)
Finance costs paid	(8,604,662)	(4,212,601)
Dividends	-	(93,000,000)
Changes in non-controlling interests	-	749,622
<b>Net cash flows used in financing activities</b>	<b>(263,212,241)</b>	<b>(194,832,230)</b>
<b>Net change in cash and cash equivalents during the period</b>	<b>6,320,634</b>	<b>(79,360,656)</b>
Foreign currency translation adjustment	(3,268,506)	-
Cash and cash equivalents at the beginning of the year	115,354,538	189,909,527
<b>Cash and cash equivalents at the end of the period</b>	<b>118,406,666</b>	<b>110,548,871</b>
<b>Non-cash transactions:</b>		
Additions to right-of-use assets / lease liabilities	268,489,270	1,017,427,426
Amortization of lease liabilities into accrued expenses	(128,818,305)	(98,146,260)
Absorption of prepaid expenses into lease liabilities	(41,543,436)	(220,421,102)
Accrued finance costs	3,987,332	2,461,763
Accrued dividends	20,000,000	-
Transfer of employees' defined benefits obligations to a related party	-	(207,252)

Finance Manager  
Mohamad Al Bazz

Chief Executive Officer  
Mohamad Al Khareiji

Chairman of Board of Directors  
Abdel Ellah Al Khareiji

The accompanying notes form an integral part of these condensed interim consolidated financial statements

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023**

**1. CORPORATE INFORMATION OF THE GROUP**

Arabian Contracting Services Company is a Saudi Joint Stock Company - (the "Company") registered in Riyadh on Jumada Al-Ula 18, 1403 H (corresponding to March 3, 1983) under commercial registration number 1010048419.

The head office of the Company is located in Riyadh - Kingdom of Saudi Arabia, P.O. Box: 55905, Postal Code: 11544.

The activities of the Company are general construction of residential buildings, construction of roads, streets, sidewalks and road supplies, construction of bridges and tunnels, construction of railways, pouring bases and foundations, laying electrical wires, laying communication wires, advertising and publicity, printing of advertising material, commercial printing, and binding.

The Company's share capital amounts to SR 500 million divided into 50 million shares, the value of each share is SR 10.

These accompanying condensed interim consolidated financial statements include the results of the business, assets, liabilities, and activities of the Company and its following branches. The details of these branches are as follows:

<b>Branch name</b>	<b>City</b>	<b>Activity of the branch</b>	<b>Commercial registration number</b>
Raweyah Printing Press Arabian Company Factory	Riyadh	Printing and printing of advertisements, posters and media flyers, gravure and photo engraving on metal or plastic boards	1010057812
Arabian Contracting Services Company	Riyadh	Publicity and advertisement entities and agencies	1010062303
Ain Al Arabia Company for Advertising and Publicity	Riyadh	Publicity and advertisement entities and agencies, organization and management of exhibitions and conferences, wholesale of gifts and luxuries	1010500526
Arabian Contracting Services	Jeddah	Publicity and advertisement entities and agencies	4030058296
Raweyah Printing Press Arabian Company Factory	Jeddah	Printing, printing of books, printing of advertisements, posters, and media flyers, printing of commercial stationery correspondence papers and invoices, printing using copiers, engraving and photo engraving on metal or plastic panels and bookbinding	4030275525

The accompanying condensed interim consolidated financial statements as at June 30, 2023 include the accounts of the Company and its subsidiaries (collectively referred to as the "Group"). The details of these subsidiaries are as follows:

<b>Subsidiary name</b>	<b>Country of incorporation</b>	<b>Activity of the subsidiary</b>	<b>Ownership</b>	
			<b>June 30, 2023</b>	<b>December 31, 2022</b>
Al-Arabia Out of Home Advertising FZ - LLC (A)	UAE	Media and marketing services, outdoor advertising activities	100%	100%
Al-Taer Al-Arabi Trading Company (under liquidation) (B)	KSA	Storage, wholesaling on a fee or contract basis, wholesale of other household goods, retailing by mail order fulfillment houses or via the internet	100%	100%
Arabian United Company for Advertising Services (C)	Egypt	Publicity and advertising by all audio, print and visual means, supplying, installing and operating digital screens, projects management	49.9%	49.9%

(A) Al-Arabia Out of Home Advertising FZ – LLC – is a Limited Liability Company registered in the United Arab Emirates and it is a 100% owned subsidiary of the Company with a share capital of AED 100,000.

(B) Al-Taer Al-Arabi Trading Company (under liquidation) is a One Person Limited Liability Company registered in the Kingdom of Saudi Arabia and it is a 100% owned subsidiary of the Company with a share capital of SR 50,000 (refer to Note 12).

(C) Arabian United Company for Advertising Services is a Joint Stock Company registered in the Arab Republic of Egypt and it is a 49.9% owned subsidiary of the Company with a share capital of Egyptian Pounds 30,000,000. The subsidiary was consolidated by 49.9% due to the presence of control over the majority of the voting rights.



**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
(CONTINUED)  
**FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023**

---

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The Group's condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The condensed interim consolidated financial statements do not include all the information and disclosures required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards, and therefore they should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2022. The results for the period are not an indication of the annual results of the Group.

**2.2 Basis of measurement**

These condensed interim consolidated financial statements have been prepared under historical cost basis except for what was described in the relevant accounting policies in the annual consolidated financial statements for the year ended December 31, 2022.

**2.3 Basis of consolidation**

The Group re-assesses whether or not it has a control over an investee if facts and circumstance indicate that there is a change to the elements of the control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, revenues, and expenses of the acquired subsidiary during the period are included within the condensed interim consolidated financial statements effective from the date the Group gains control until the date the Group ceases such control over the investee.

In particular, the Group controls an investee only when the Group has:

- Power over the investee (i.e. existence of rights that gives the Group the current ability to direct the relevant activities of the investee)
- Exposure to risks, or has rights, to variable returns from its direct relationship with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting rights or similar rights of the investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- The contractual arrangement (arrangements) with the other voting rights holders in the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

Income and each items of the other comprehensive income (OCI) is attributed to the equity of the Group. When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group's applied accounting policies.

Assets, liabilities, equity, revenues, expenses and cash flows related to transactions between Group's companies are fully eliminated upon consolidating the condensed interim consolidated financial statements.

**2.4 Significant accounting estimates and assumptions**

In preparing these condensed interim consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements for the year ended December 31, 2022.

**2.5 Functional and presentation currency**

These condensed interim consolidated financial statements are presented in Saudi Riyal, unless otherwise stated. The Saudi Riyal is the functional and presentation currency of the Group.

**2.6 Devaluation of Egyptian Currency**

During quarter ended 30 June 2023, the Egyptian pound recorded an average 20.2% devaluation in rate against SR (30 June 2022: 16.4%) as a result, currency translation adjustment has been recorded in relation to the translation of foreign operations in Egypt.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
(CONTINUED)  
**FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023**

**3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS**

There are new standards and number of amendments to standards which are effective from 1 January 2023 which has been explained in Group annual consolidated financial statements, furthermore, there was no material impact on the group's condensed interim consolidated financial statements.

**4. CONSISTENT OF ACCOUNTING POLICIES**

The accounting policies followed and the methods of calculation applied in the preparation of these condensed interim consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022.

**5. OPERATING SEGMENTS**

The segment is a separate and distinct segment of the Group engaged in business activities that result in the recognition of revenues or expenses incurred. Operating segments are disclosed on the basis of internal reports reviewed by the chief operating decision-maker, who is responsible for resource allocation, performance evaluation, and strategic decision-making on operational segments. Operating segments with similar economic characteristics, products, services and similar customer categories are aggregated and recorded where possible as sectors to be reported.

**Basis of division**

The Group has the following strategic segments which are considered strategic segments to the Group. These segments provide different services and are managed separately because they have different economic characteristics - such as sales growth trends, rates of return, and capital investment level - and also have different marketing strategies.

The following is a summary of the operations of each segment:

<u>Segment reports</u>	<u>Operations / Activity</u>
Advertising segment	Indoor and outdoor advertisements
Printing segment	All types of printing work
Online sales segment	Retail sales by mail

**Information on segment reporting**

The information for each segment report is listed below. The gross profit of the segment is used to measure the performance because management considers that this information is most appropriate to assess the results of the relevant segments relating to other entities operating in the same industry:

<b>For the three months period ended June 30, 2023</b> (Unaudited)	<b>Advertising segment</b> SR	<b>Printing segment</b> SR	<b>Online sales segment</b> SR	<b>Total segments</b> SR	<b>Reconciliation and elimination</b> SR	<b>Consolidated</b> SR
<b><u>Revenues</u></b>						
Customers	287,015,406	7,300,131	-	294,315,537	-	294,315,537
Transactions between segments	-	3,026,205	-	3,026,205	(3,026,205)	-
<b>Total revenues</b>	<b>287,015,406</b>	<b>10,326,336</b>	<b>-</b>	<b>297,341,742</b>	<b>(3,026,205)</b>	<b>294,315,537</b>
 Depreciation	 <b>119,673,379</b>	 <b>1,355,233</b>	 <b>-</b>	 <b>121,028,612</b>	 <b>-</b>	 <b>121,028,612</b>
 <b>Profit of the period</b>	 <b>83,395,603</b>	 <b>1,587,092</b>	 <b>(437,475)</b>	 <b>84,545,220</b>	 <b>-</b>	 <b>84,545,220</b>

**ARABIAN CONTRACTING SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
(CONTINUED)  
**FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023**

**5. OPERATING SEGMENTS (CONTINUED)**

**Information on segment reporting (continued)**

For the three months period ended June 30, 2022 (Unaudited)	Advertising segment SR	Printing segment SR	Online sales segment SR	Total segments SR	Reconciliation and elimination SR	Consolidated SR
<b>Revenues</b>						
Customers	259,729,762	3,875,250	30,366	263,635,378	-	263,635,378
Transactions between segments	-	-	-	-	-	-
<b>Total revenues</b>	<b>259,729,762</b>	<b>3,875,250</b>	<b>30,366</b>	<b>263,635,378</b>	<b>-</b>	<b>263,635,378</b>
Depreciation	103,125,167	843,840	259,176	104,228,183	-	104,228,183
<b>Profit of the period</b>	<b>64,217,366</b>	<b>1,417,917</b>	<b>(2,130,926)</b>	<b>63,504,357</b>	<b>-</b>	<b>63,504,357</b>
<b>For the six-months period ended June 30, 2023 (Unaudited)</b>	<b>Advertising segment SR</b>	<b>Printing segment SR</b>	<b>Online sales segment SR</b>	<b>Total segments SR</b>	<b>Reconciliation and elimination SR</b>	<b>Consolidated SR</b>
<b>Revenues</b>						
Customers	592,421,807	14,260,138	148,027	606,829,972	(148,027)	606,681,945
Transactions between segments	-	6,918,899	-	6,918,899	(6,918,899)	-
<b>Total revenues</b>	<b>592,421,807</b>	<b>21,179,037</b>	<b>148,027</b>	<b>613,748,871</b>	<b>(7,066,926)</b>	<b>606,681,945</b>
Depreciation	241,379,252	2,685,724	-	244,064,976	-	244,064,976
<b>Profit of the period</b>	<b>172,796,561</b>	<b>2,699,553</b>	<b>(1,467,571)</b>	<b>174,028,543</b>	<b>-</b>	<b>174,028,543</b>
<b>For the six-months period ended June 30, 2022 (Unaudited)</b>	<b>Advertising segment SR</b>	<b>Printing segment SR</b>	<b>Online sales segment SR</b>	<b>Total segments SR</b>	<b>Reconciliation and elimination SR</b>	<b>Consolidated SR</b>
<b>Revenues</b>						
Customers	543,236,331	7,768,982	30,366	551,035,679	-	551,035,679
Transactions between segments	-	-	-	-	-	-
<b>Total revenues</b>	<b>543,236,331</b>	<b>7,768,982</b>	<b>30,366</b>	<b>551,035,679</b>	<b>-</b>	<b>551,035,679</b>
Depreciation	226,176,508	1,678,984	259,176	228,114,668	-	228,114,668
<b>Profit of the period</b>	<b>129,792,332</b>	<b>1,668,248</b>	<b>(3,066,406)</b>	<b>128,394,174</b>	<b>-</b>	<b>128,394,174</b>



**ARABIAN CONTRACTING SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
(CONTINUED)  
**FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023**

**5. OPERATING SEGMENTS (CONTINUED)**

**Information on segment reporting** (continued)

Disclosure of information related to the net carrying amounts of property, plant and equipment, right-of-use assets, total assets, and total liabilities in these segments is impractical, as no segment has achieved the limits mentioned in IFRS 8 “Operating Segments” to disclose its geographical information, except for the advertising sector, which represents a major portion of this information.

The activities of the Company and its subsidiaries are mainly concentrated in the Kingdom of Saudi Arabia and the Arab Republic of Egypt. Below is a summary of some financial data for each geographic region separately:

	(Saudi Riyal)	
	<b>June 30, 2023</b>	June 30, 2022
	(Unaudited)	(Unaudited)
<b>Geographical information</b>		
<b>Revenues from customers</b>		
Kingdom of Saudi Arabia	<b>597,957,333</b>	542,441,758
Arab Republic of Egypt	<b>8,724,612</b>	8,593,921
<b>Total</b>	<b>606,681,945</b>	551,035,679

Revenues between segments and between business units are eliminated upon consolidation, and shown in the “Reconciliation and elimination” column.

The management of the Group monitors the operating results of its business units separately for the purpose of decision-making about resource allocation and performance assessment.

Segment performance is measured and evaluated on the basis of the condensed interim consolidated statement of profit or loss and other comprehensive income.

**ARABIAN CONTRACTING SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
(CONTINUED)  
**FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023**

**6. PROPERTY, PLANT AND EQUIPMENT**

	(Saudi Riyal)	
	<b>June 30, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Cost:</b>		
Balance as at the beginning of the period / year	<b>323,376,926</b>	305,550,744
Additions during the period / year	<b>20,785,883</b>	59,208,688
Disposals during the period / year	<b>(3,146,752)</b>	(38,694,490)
Foreign currencies translation adjustment during the period / year	<b>(1,088,373)</b>	745
Transferred to discontinued operations	-	(2,688,761)
<b>Balance as at the end of the period / year</b>	<b>339,927,684</b>	323,376,926
<b>Accumulated depreciation:</b>		
Balance as at the beginning of the period / year	<b>123,789,959</b>	112,141,491
Depreciation during the period / year	<b>18,287,361</b>	31,511,108
Disposals during the period / year	<b>(2,919,035)</b>	(19,741,247)
Foreign currencies translation adjustment during the period / year	<b>(51,013)</b>	(42,645)
Transferred to discontinued operations	-	(78,748)
<b>Balance as at the end of the period / year</b>	<b>139,107,272</b>	123,789,959
<b>Net book value:</b>	<b>200,820,412</b>	199,586,967

As at June 30, 2023, property, plant and equipment include projects under progress with an amount of SR 29.9 million (December 31, 2022: SR 34.6 million), which represents advertising billboards that are being manufactured. The additional expected value until its completion as at June 30, 2023 amounts to SR 5.6 million (December 31, 2022: SR 8.3 million) (Note 13).

Property, plant and equipment also include buildings constructed on lands owned by the Group, as these buildings belong to the Group's labor housing.

**7. RIGHT-OF-USE ASSETS / LEASE LIABILITIES**

The rights-of-use assets have been measured at an amount equal to the lease liabilities and adjusted for the amounts of prepayments and lease payments due related to those leases recognized in the condensed interim consolidated statement of financial position.

	(Saudi Riyal)	
	<b>June 30, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Right-of-use assets</b>		
Balance as at the beginning of the period / year	<b>2,322,130,961</b>	2,829,845,948
Additions during the period / year	<b>268,489,270</b>	1,045,787,001
Adjustments during the period / year (B)	<b>12,136,286</b>	87,582,039
Disposals during the period / year (A)	<b>(3,537,273)</b>	(1,641,084,027)
<b>Balance as at the end of the period / year</b>	<b>2,599,219,244</b>	2,322,130,961
<b>Right-of-use assets accumulated depreciation</b>		
Balance as at the beginning of the period / year	<b>876,183,957</b>	803,131,368
Depreciation during the period / year	<b>220,068,652</b>	408,165,082
Adjustments during the period / year (B)	<b>5,708,963</b>	12,759,727
Disposals during the period / year (A)	<b>(3,537,273)</b>	(347,872,220)
<b>Balance as at the end of the period / year</b>	<b>1,098,424,299</b>	876,183,957
<b>Net book value for right-of-use assets</b>	<b>1,500,794,945</b>	1,445,947,004

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
(CONTINUED)  
**FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023**

**7. RIGHT-OF-USE ASSETS / LEASE LIABILITIES (CONTINUED)**

	(Saudi Riyal)	
	<b>June 30, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b><u>Lease liabilities</u></b>		
Balance as at the beginning of the period / year	<b>1,216,568,766</b>	1,901,255,078
Additions during the period / year	<b>268,489,270</b>	1,045,787,001
Adjustments during the period / year (B)	<b>12,136,286</b>	87,582,039
Adjustment of finance costs during the period / year	<b>3,194,196</b>	610,755
Disposals during the period / year (A)	-	(1,268,854,652)
Adjustment of accrued rents during the period / year (C)	-	(35,477,494)
	<b>1,500,388,518</b>	1,730,902,727
<b><u>(Deduct) / add:</u></b>		
Absorption of prepaid expenses during the period / year (D)	<b>(41,543,436)</b>	(221,005,895)
Paid during the period / year	<b>(77,472,579)</b>	(260,545,470)
Finance costs during the period / year	<b>26,518,957</b>	40,846,080
Amortization of accrued expenses during the period / year	<b>(128,818,305)</b>	(73,628,676)
<b>Balance as at the end of the period / year</b>	<b>1,279,073,155</b>	1,216,568,766
Current portion	<b>253,240,380</b>	196,153,896
Non-current portion	<b>1,025,832,775</b>	1,020,414,870
	<b>1,279,073,155</b>	1,216,568,766

(A) On March 31, 2022, management has cancelled a contract with Jeddah Municipality, and the Municipality was informed about the termination of the contract from Arabian Contracting Services Company, which resulted in losses with an amount of SR 24.3 million. Based on the opinion of the management, the Group has no other obligations against the cancellation of the contract with Jeddah Municipality.

(B) The adjustments to the right-of-use assets during the period represent the additional term period that has been exercised by the Group after the expiry of the contractual period of some of the leases by agreeing with the lessor to determine the additional term period that the Group will exercise.

(C) The Group agrees with the lessor in the lease contract to make lease payments due only upon receipt of an invoice from the lessor. Accordingly, the Group records accrued expenses for the payments due which no invoices have been received from the lessor till date.

(D) The Group agrees with the lessor to make an advance payment for a lease that has been agreed with the lessor before the commencement date of the lease, and at the commencement date of the lease, these prepaid expenses are absorbed and reduced from the lease liabilities.

**8. TRADE RECEIVABLES**

	(Saudi Riyal)	
	<b>June 30, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade receivables	<b>701,020,401</b>	543,428,901
Trade receivables (related parties, Note 9)	<b>140,237,991</b>	102,090,700
Less: expected credit losses	<b>(20,899,804)</b>	(17,899,804)
<b>Net</b>	<b>820,358,588</b>	627,619,797

The movement in the expected credit losses during the period was as follows:

	(Saudi Riyal)	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Balance as at the beginning of the period	<b>17,899,804</b>	10,597,562
Charged during the period	<b>3,000,000</b>	-
<b>Balance as at the end of the period</b>	<b>20,899,804</b>	10,597,562



**ARABIAN CONTRACTING SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
(CONTINUED)  
**FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023**

**9. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

During the period / year, the Group had transactions with the related parties described below. The terms of these transactions and expenses have been approved by the Group's management and it is within the normal course of business of the Group.

<b>Name of the related party</b>	<b>Type of Relationship</b>
Engineer Holding Group Company	Shareholder
MBC Holding Limited Group	Shareholder
House of Skill Company for Contracting and Trading	Affiliate
National Signage Industrial Company	Affiliate
Elegant Hotel Company For Tourism and Hotels	Affiliate
Multaqa Al Zad Company for Tourism	Affiliate
Saudi Media Company for Advertising and Publicity	Affiliate
Elegant Restaurants Company	Affiliate
Green Box Trading Company	Affiliate
MBC Media Solutions Limited	Affiliate
Upscale Brands Food Company	Affiliate
SMC Advertising FZ - LLC	Affiliate
Alarabi Investment Company	Affiliate
MBC – FZ LLC	Affiliate

The following are the significant transactions made with the related parties during the period:

<b>Related party name</b>	<b>Nature of transaction</b>	<b>(Saudi Riyal)</b>	
		<b>June 30, 2023</b> <b>(Unaudited)</b>	<b>June 30, 2022</b> <b>(Unaudited)</b>
Saudi Media Company for Advertising and Publicity	Sales	<b>45,160,898</b>	24,935,994
	Purchases	<b>(273,844)</b>	(13,868,855)
	Collections	<b>10,000,000</b>	21,727,150
	Bills payment	<b>-</b>	11,333,740
National Signage Industrial Company	Bills payment	<b>5,681,260</b>	23,622,874
	Advertising billboard cost	<b>(15,662,476)</b>	(10,168,127)
	Sales	<b>46,512</b>	869,957
	Collections	<b>1,000,000</b>	600,000
Engineer Holding Group Company	Expenses paid on behalf	<b>(339,112)</b>	(16,730)
	Balance settlement	<b>3,925,936</b>	-
	Accrued dividends	<b>10,000,000</b>	-
	Transferred end of service	<b>-</b>	207,252
MBC Holding Limited Group	Sales	<b>14,645</b>	-
	Sales	<b>-</b>	8,445,508
	Collections	<b>-</b>	5,076,183
	Accrued dividends	<b>4,000,000</b>	-
MBC Media Solutions Limited	Purchases	<b>(1,941,504)</b>	(16,413,003)
	Sales	<b>12,091,322</b>	-
	Bills payment	<b>3,709,311</b>	8,719,857
	Collections	<b>21,000,000</b>	-
SMC Advertising FZ - LLC	Sales	<b>11,103,168</b>	-
	Collections	<b>304,281</b>	-
Alarabi Investment Company	Purchases	<b>(2,814,831)</b>	-
	Bills payment	<b>3,017,895</b>	214,776

**ARABIAN CONTRACTING SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
(CONTINUED)  
**FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023**

**9. BALANCE AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

The following is a list of compensation for key management personnel incurred during the period:

	(Saudi Riyal)	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
	(Unaudited)	(Unaudited)
Salaries, wages and remuneration	<b>4,112,970</b>	1,768,329
Employees' defined benefits obligation (period-end balance)	<b>6,127,523</b>	5,440,916
<b>Total</b>	<b>10,240,493</b>	7,209,245

Key management personnel include members of the board of directors, chief executive officer, finance manager and executive managers as they have the authority and responsibility to plan, direct and control the Group's activities.

**Trade receivables - related parties (Note 8)**

	(Saudi Riyal)	
	<b>June 30, 2023</b>	<b>December 31, 2022</b>
	(Unaudited)	(Audited)
Saudi Media Company for Advertising and Publicity	<b>111,364,332</b>	76,477,278
MBC – FZ LLC	<b>11,103,168</b>	304,281
MBC Media Solutions Limited	<b>10,149,818</b>	17,290,689
National Signage Industrial Company	<b>2,985,197</b>	3,938,685
MBC Holding Limited Group	<b>2,832,942</b>	2,832,942
Engineer Holding Group Company	<b>909,015</b>	-
Multaqa Al Zad Company for Tourism	<b>628,454</b>	619,425
Green Box Trading Company	<b>130,610</b>	92,660
Elegant Hotel Company For Tourism and Hotels	<b>60,640</b>	255,680
House of Skill Company for Contracting and Trading	<b>48,704</b>	240,771
Upscale Brands Food Company	<b>22,466</b>	22,029
Elegant Restaurants Company	<b>2,645</b>	16,260
<b>Total</b>	<b>140,237,991</b>	102,090,700

**Advances to suppliers - related parties**

	(Saudi Riyal)	
	<b>June 30, 2023</b>	<b>December 31, 2022</b>
	(Unaudited)	(Audited)
National Signage Industrial Company	<b>5,681,729</b>	15,662,945
Alarabi Investment Company	<b>3,252</b>	-
<b>Total</b>	<b>5,684,981</b>	15,662,945

**The due to a related party represents the following:**

	(Saudi Riyal)	
	<b>June 30, 2023</b>	<b>December 31, 2022</b>
	(Unaudited)	(Audited)
Engineer Holding Group Company	-	2,692,455
<b>Total</b>	-	2,692,455

**Other payables - related parties**

	(Saudi Riyal)	
	<b>June 30, 2023</b>	<b>December 31, 2022</b>
	(Unaudited)	(Audited)
SMC Advertising FZ - LLC	<b>1,953,863</b>	1,953,863
House of Skill Company for Contracting and Trading	-	189,681
<b>Total</b>	<b>1,953,863</b>	2,143,544

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
(CONTINUED)  
**FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023**

**10. SHORT-TERM LOANS**

The Group has obtained Islamic bank facilities in the form of short-term loans, Bank Guarantees and letter of credits from local commercial banks. The loans as at June 30, 2023 amounts to SR 171,780,747 (December 31, 2022: SR 348,915,747). These loans are subject to interest rates prevailing in Saudi banks plus an agreed profit margin. The carrying amount of the short-term loans is denominated in Saudi Riyal and its secured by promissory notes payable upon request.

The movement in the loans is as follows:

	(Saudi Riyal)	
	<b>June 30, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance as at the beginning of the period / year	<b>348,915,747</b>	447,866,523
Proceeds during the period / year	-	348,915,747
Repayment during the period / year	<b>(177,135,000)</b>	(447,866,523)
<b>Balance as at the end of the period / year</b>	<b>171,780,747</b>	<b>348,915,747</b>

**11. ZAKAT PROVISION**

The movement in zakat provision during the period / year represents the following:

	(Saudi Riyal)	
	<b>June 30, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance as at the beginning of the period / year	<b>11,286,669</b>	11,296,889
Charged during the period / year	<b>8,999,035</b>	11,379,987
Paid during the period / year	<b>(11,987,838)</b>	(11,390,207)
<b>Balance as at the end of the period / year</b>	<b>8,297,866</b>	<b>11,286,669</b>

**Zakat assessment and certificate status:**

The Company received zakat assessments for the financial years 2017 and 2018 with zakat differences amounting to SR 4,867,663 and an objection was escalated to the Tax Committee for Resolution of Tax Violation and Disputes (Note 13). No ruling has been issued until the date of the condensed interim consolidated financial statements. The Company has submitted its financial statements and zakat returns until 2022 and has obtained a certificate from Zakat, Tax, and Customs Authority.

**12. DISCONTINUED OPERATIONS**

The management of the Group decided to cease the operations of Al-Taer Al-Arabi Trading Company, a wholly owned subsidiary, and is in the process of liquidating the Company. Accordingly, the Group did not include this subsidiary in its condensed interim consolidated financial statements. Hence, Al-Taer Al-Arabi Trading Company has been classified as a discontinued operation. The results of the operations of Al-Taer Al-Arabi Trading Company for the current period were presented in the condensed interim consolidated statement of profit or loss and other comprehensive income as follows:

	(Saudi Riyal)	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Sales	<b>148,027</b>	30,366
Cost of sales	<b>(630,743)</b>	(626,310)
<b>Gross loss</b>	<b>(482,716)</b>	(595,944)
General and administrative expenses	<b>(984,855)</b>	(2,470,462)
<b>Loss for the period from discontinued operations</b>	<b>(1,467,571)</b>	<b>(3,066,406)</b>



**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
(CONTINUED)  
**FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023**

**12. DISCONTINUED OPERATIONS (CONTINUED)**

The following is a statement of the main categories of assets and liabilities of Al-Taer Al-Arabi Trading Company, which have been classified as discontinued operations:

	(Saudi Riyal)	
	<b>June 30, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Assets</b>		
Inventories	-	3,080,422
Prepaid expenses and other current assets	<b>609,210</b>	1,247,308
Cash and cash equivalents	<b>102,054</b>	157,087
<b>Assets from discontinued operations</b>	<b>711,264</b>	4,484,817
<b>Liabilities</b>		
Employees' defined benefits obligations	<b>31,816</b>	127,635
Trade payables	-	1,295,694
Accrued expenses and other current liabilities	<b>193,826</b>	467,169
<b>Liabilities from discontinued operations</b>	<b>225,642</b>	1,890,498
<b>Net assets directly related to discontinued operations (*)</b>	<b>485,622</b>	2,594,319

(\*) The Board of Directors resolved on October 26, 2022 to voluntarily liquidate Al-Taer Al-Arabi Trading Company (Sindebaad), which is a 100% owned subsidiary by Arabian Contracting Services Company and its paid in capital is SR 50,000 (Note 1).

**13. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

The Group has the following contingent liabilities and capital commitments:

	(Saudi Riyal)	
	<b>June 30, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Letters of guarantee *	<b>972,450,389</b>	43,712,342
Letters of credit	<b>576,825</b>	656,279
Capital commitments **	<b>5,587,228</b>	8,322,120

\* Letters of guarantee are corresponded with secured cash deposited at banks as at June 30, 2023 with an amount of SR 800,300 (December 31, 2022: SR 800,300).

\*\* The Group has capital commitments with an amount of SR 5.6 million (December 31, 2022: SR 8 million) related to advertising billboards that are being manufactured (projects under progress) (Note 6).

The Group also has potential zakat assessments with an amount of SR 4.8 million. The Group's management believes that the decision of the Tax Committee for Resolution of Tax Violation and Disputes will be in favor of the Group (Note 11).

**14. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the parent company by the weighted average number of ordinary shares issued during the period and the prior period (50 million shares). The diluted earnings per share is the same as the basic earnings per share.

**15. DIVIDENDES**

The Extraordinary General Assembly resolved in their meeting held on Dhul Hijjah 3, 1444 H (corresponding to June 21, 2023) to approve on the Board of Directors recommendation for the distribution of cash dividends for the second half of the year 2022 with an amount of SR 20 million at SR 0.40 per share (June 30, 2022: SR 93 million at SR 1.86 per share).

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
(CONTINUED)  
**FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023**

---

**16. FAIR VALUE OF FINANCIAL INSTRUMENTS**

For the purpose of fair value disclosures of financial instruments, all financial assets and liabilities of the Group are not measured at fair value, as they are measured at amortized cost.

**17. COMPARATIVE FIGURES**

Comparative figures for the period ended June 30, 2022 have been reclassified to conform to the current period's presentation and classification.

**18. SUBSEQUENT EVENTS**

On Dhul Hijjah 30, 1444 H (corresponding to July 18, 2023), a preliminary judgment was issued from the Thirteenth Administrative Circuit in Jeddah Governorate in favor of the Arabian Contracting Services Company against Jeddah Municipality related to an investment contract for the advertising billboard sites of the type of Megacom in the city of Jeddah, where the ruling obliged Jeddah Municipality to pay an amount of SR 75,891,328 as compensation for the rental costs that were paid to Jeddah Municipality for sites that were not delivered to the Group in the contract of advertising billboards of the type Megacom, in addition to obliging it to pay an amount of SR 1,000,000 as a compensation for the attorney fees that the Group incurred in this case.

As per management opinion, there are no other significant subsequent events after the period ended June 30, 2023 except for what was mentioned above that could have a material impact on the Group's consolidated financial position or the results of its operations.

**19. SIGNIFICANT EVENT**

The Group's Board of Directors resolved on Rabi' Al Awwal 15, 1444 H (Corresponding to October 11, 2022) to approve on a purchase agreement on the acquisition of the entire shares of Faden Agency Company for Publicity and Advertising "A One Person Limited Liability Company" with a share capital amounting to SR 25 million, The total value of the transaction amounts to SR 1,050 million. The completion of the transaction is subject to a few preconditions mentioned in the purchase agreement, including obtaining approvals from the relevant government authorities, and obtaining the approval of the General Authority for Competition. The legal requirements are still under process and there are no other material events that may require disclosure up to the date of the independent auditor's report.

**20. APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The condensed interim consolidated financial statements were approved by the Group's Board of Directors on Muharram 23, 1445 H (corresponding to August 10, 2023).